CMMI pivots include 'inferred risk,' possible end of no-risk ACOs

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A white paper, press release, and interview with the new director of CMS' Center for Medicare and Medicaid Innovation (CMMI) suggest significant changes to innovation and accountable care models such as the Medicare Shared Savings Program (MSSP) and to Medicare Advantage.

In an unusual media blitz, Abe Sutton, an advisor to HHS in the first Trump administration and now the CMMI director, posted a press release and a paper on "CMS Innovation Center Strategy to Make America Healthy Again" at the CMS site on May 13, and his interview on related topics appeared in Modern Healthcare the same day.

Among the concepts Sutton discusses are preventive care, one-sided versus two-sided risk and "inferred risk" coding for Medicare Advantage.

Prevention focus

To the end of "helping patients embrace preventive care to Make America Healthy Again," Sutton calls in his press release for pilot programs "focusing on evidence-based prevention." Sutton mentioned as a model the Medicare Diabetes Prevention Program (MDPP), "which features practical training and education, has helped patients meet weight loss goals and lead healthier lives," notwithstanding, and not mentioning, the program's low utilization rates (PBN 8/7/23).

Theresa Hush, co-founder of value-based care consultancy Roji Health Intelligence in Chicago, takes this to mean that "we are likely to see programs that focus on major risk factors for preventing multiple conditions, as well as management programs related to individual conditions."

Among the risk factors Hush expects to see addressed are some for which Medicare already has services, such as smoking cessation and hypertension, and others that are only tangentially addressed at present, such as "poor diet" and "lack of exercise and movement."

"It is likely that these will be folded into models like ACOs as required improvement programs for beneficiaries, in addition to quality measures with shared provider results," Hush says.

Backing the indies

Sutton also promises in the press release to "foster even playing fields and fair competition." The key here, Hush believes, is independent practices — which Sutton emphasizes in the section of his strategy on how to "Increase Independent Provider Participation in Value-based Payment Programs."

"Independent provider practices, community health centers, rural providers and provider-led ACOs are key partners in maintaining choice in health care," Sutton says. To support them, "models may expand the use of advanced shared savings and prospective payments to support independent provider practice participation in models."

Such innovations are already seen in ACO REACH and in the new "prepaid" track in the MSSP (PBN 7/22/24). But Sutton also suggests the possibility of "collecting losses over longer time periods for independent providers, enabling upfront investment in patient care with advances based on collateralization methods the Innovation Center designates."

This, in Hush's view, "is addressing the disparity of hospital or health system-owned providers, which have greater resources, versus independent practices, which have greater capacity for generating data and purchasing technology for implementing value-based care cost performance and outcome improvement strategies."

No more risk-free models?

But while Sutton seems OK with prospective payments and giving providers more time to pay back on losses, he's less sanguine about one-sided risk models. In the strategy statement, Sutton says that CMMI could "require that all alternative payment models involve downside risk" and "require that providers bear some of the financial risk and that conveners cannot hold all financial risk." This suggests current no-downside arrangements, such as those some current MSSP tracks use to lure in new participants, might be eliminated (PBN 7/25/22).

Sutton tells Modern Healthcare that "there should be downside in models. What I want to do is aim to maximize the number of people in value-based care arrangements that involve downside."

DME without NCD?

In the strategy statement, Sutton proposes "waivers for accountable care entities that assume global risk to provide durable medical equipment (DME) that may bypass National Coverage Determinations if they support transition to or remaining in the home."

Hush says "this most likely means various hospital-at home or SNF services where the home must be equipped to allow safe movement of the beneficiary, such as rails, chair lifts, ramps or even remodeling projects. Creating these as part of a global risk payment model aligns the incentives of the ACO, so that the organization can weigh the cost and benefit of the site and services needed by the beneficiary and realize those within the global cap."

What happens to a 'risk inferred'?

Sutton also mentions new Medicare Advantage models that "could include testing changes to payment for MA plans, such as testing the impact of inferred risk scores, regional benchmarks, or changes to quality measures that better align with promoting health."

Benchmarks and quality measures are familiar concepts, but inferred risk scoring is relatively new. One of the big works on the subject, a 2024 paper in Health Affairs, was written by Sutton and Gabriel Drapos, COO of the consultancy Pearl Health.

The retrospective hierarchical condition category (HCC) codes currently used by Medicare Advantage "are derived from patients' diagnosis codes across various health care settings," Hush explains. But this methodology is felt by some critics to make upcoding patient risk, which increases reimbursement, too easy, and some prosecutors have come after MA organizations for fraud on that basis (PBN 10/23/23).

Inferred risk score methodology "entails using a variety of data sources to identify and score patient risk with clinical data as well as experience," Hush says. "CMS could use quality measure data to indicate clinical status, or use various claims diagnoses to reveal exacerbations, complications or other factors that heighten risk."

Hush offers the example of three patients, each diagnosed with diabetes, kidney disease and obesity.ÊIn the HCC world, she says, all other things being equal, "those three would be the same.ÊBut let's say that one of the three also has extremely elevated glucose and an HgbA1C that is consistently off the charts. That individual is really at higher risk of high-cost hospital events, and under an inferred score method you would be able to identify and use that clinical information which shows a risk trend that is going up."

Not only does coding for that help providers manage such patients better, Hush says, in theory it makes it harder for providers or MA plans to game the system.

Value-based goals: Goodbye, 2030

Modern Healthcare reports that, according to Sutton, "CMS is walking away from a goal set four years ago to have all fee-for-service Medicare beneficiaries under accountable care arrangements by 2030."

Under President Biden, CMS expressed confidence that they were on track to achieve that goal, though experts have been slightly more skeptical (PBN 2/26/23).

"My view is that CMS was already bending the idea of 'accountable care' when they expanded the category last year [to include] patients with chronic disease who require stronger clinical management," Hush says. "The 2030 goal and the idea of 'meeting the numbers' is an artificial target. This administration seems much less concerned with the label of accountable care — which covers a big spectrum of treatment decisions and care delivery — and more concerned about the economics of care and what is driving that cost."

Resources

- CMS, "CMS Innovation Center Strategy to Make America Healthy Again," May 13, 2025: www.cms.gov/priorities/innovation/about/cms-innovation-center-strategy-make-america-healthy-again
- CMS press release, "Making America Healthy Again: Innovation for Healthier Lives," May 13, 2025: www.cms.gov/newsroom/blog/making-america-healthy-again-innovation-healthier-lives
- Modern Healthcare, "Downside risk, upside payment highlight new CMS innovation agenda," May 13, 2025: www.modernhealthcare.com/policy/cmmi-strategy-medicare-advantage-ratings
- Health Affairs, "Inferred Risk: Reforming Medicare Risk Scores To Create A Fairer System," April 24, 2025: www.healthaffairs.org/content/forefront/inferred-risk-reforming-medicare-risk-scores-create-fairer-system